



May 31, 2022

Mr. Drew Turner
Douglas Development Corporation
655 New York Avenue, NW
Suite 830
Washington, DC 20001

Re: Square 669 / 670 Escalation Analysis
Washington, DC

Dear Mr. Turner:

As requested, this correspondence is intended to follow up with you on our recent discussions regarding escalation at Square 669 / 670. As the project's general contractor, we have performed extensive cost modeling since late 2018. As we have discussed, over the past eight months, the project and our industry have experienced significant price escalation.

As indicated in the attached Design Development budget summary dated March 23, 2022, we have identified approximately (b) (4) in market escalation since our previous budget dated November 22, 2021. Based on our analysis, we estimate the following monthly breakdown:

November 22, 2021 Budget	\$	(b) (4)
Escalation November 22, 2021 to March 23, 2022		
Through December 22, 2021	\$	(b) (4)
Through January 22, 2022	\$	(b) (4)
Through February 22, 2022	\$	(b) (4)
Through March 23, 2022	\$	(b) (4)
Total Escalation November 22, 2021 to March 23, 2022	\$	(b) (4)

As we have discussed, we currently plan to procure the next set of contractors including mechanical and plumbing, electrical, excavation, elevators, below grade waterproofing, etc. based on the (b) (4) Construction Documents set. We continue to experience escalation in the Washington DC market and recommend establishing a contingency to offset future escalation beyond March, 2022. The following escalation contingency projection is (b) (4) and is the approximate monthly increase experienced between November 22, 2021 and March 23, 2022:

Escalation March 23, 2022 to July 31, 2022

Through April 30, 2022	\$	(b) (4)
Through May 31, 2022	\$	(b) (4)
Through June 30, 2022	\$	(b) (4)
Through July 31, 2022	\$	(b) (4)
Total Escalation Contingency March 23, 2022 to July 31, 2022	\$	(b) (4)

We will continue to work with Douglas and the rest of the team to complete preconstruction and establish the GMP. We are available at your convenience to further discuss escalation mitigation strategies. If you have any questions in the interim, please feel free to contact me directly at (301) 272-6810.

Sincerely,


CLARK CONSTRUCTION GROUP, LLC

(b) (6)

Senior Vice President

CC: (b) (6) (Clark Construction)
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